

HOUSE BILL 667

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2004 Regular Session
(4r0125)

ENROLLED BILL
-- Health and Government Operations/Finance --

Introduced by **Chairman, Health and Government Operations Committee (By Request - Departmental - Insurance Administration, Maryland)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Maryland Health Insurance Plan - Authority and Composition of Board of**
3 **Directors - Authority Plan Fund**

4 FOR the purpose of ~~allowing~~ authorizing the Board of Directors of the Maryland
5 Health Insurance Plan to adopt regulations to limit enrollment ~~in~~ under certain
6 circumstances; expanding the sources of revenue for the Maryland Health
7 Insurance Plan Fund; ~~authorizing the Board to adjust premiums based on~~
8 ~~certain geographic areas in the State~~; authorizing the Board to subsidize
9 premiums, deductibles, and other policy expenses, based on a Plan member's
10 income; altering the composition of the Board; making a certain conforming
11 change; and generally relating to the Maryland Health Insurance Plan.

12 BY repealing and reenacting, without amendments,
13 Article - Insurance
14 Section 14-501
15 Annotated Code of Maryland

1 (2002 Replacement Volume and 2003 Supplement)

2 BY repealing and reenacting, with amendments,

3 Article - Insurance

4 Section ~~14-501, 14-504, 14-504~~ *14-503(c) and (d), 14-504*, and 14-505

5 Annotated Code of Maryland

6 (2002 Replacement Volume and 2003 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Insurance**

10 14-501.

11 (a) In this subtitle the following words have the meanings indicated.

12 (b) "Administrator" means:

13 (1) a person that is registered as an administrator under Title 8, Subtitle
14 3 of this article; or

15 (2) a carrier as defined under subsection (d) of this section.

16 (c) "Board" means the Board of Directors for the Maryland Health Insurance
17 Plan.

18 (d) "Carrier" means:

19 (1) an authorized insurer that provides health insurance in the State;

20 (2) a nonprofit health service plan that is licensed to operate in the
21 State; or

22 (3) a health maintenance organization that is licensed to operate in the
23 State.

24 (e) "Fund" means the Maryland Health Insurance Plan Fund.

25 (f) (1) "Medically uninsurable individual" means an individual who is a
26 resident of the State and who:

27 (i) provides evidence that, for health reasons, a carrier has refused
28 to issue substantially similar coverage to the individual;

29 (ii) provides evidence that, for health reasons, a carrier has refused
30 to issue substantially similar coverage to the individual, except at a rate that exceeds
31 the Plan rate;

1 (iii) satisfies the definition of "eligible individual" under § 15-1301
2 of this article;

3 (iv) has a history of or suffers from a medical or health condition
4 that is included on a list promulgated in regulation by the Board;

5 (v) is eligible for the tax credit for health insurance costs under § 35
6 of the Internal Revenue Code; or

7 (vi) is a dependent of an individual who is eligible for coverage
8 under this subsection.

9 (2) "Medically uninsurable individual" does not include an individual
10 who is eligible for coverage under:

11 (i) the federal Medicare program;

12 (ii) the Maryland Medical Assistance Program;

13 (iii) the Maryland Children's Health Program; or

14 (iv) an employer-sponsored group health insurance plan that
15 includes benefits comparable to Plan benefits, unless the individual is eligible for the
16 tax credit for health insurance costs under Section 35 of the Internal Revenue Code.

17 ~~(3) THE BOARD MAY ADOPT REGULATIONS TO LIMIT ENROLLMENT OF~~
18 ~~OTHERWISE ELIGIBLE INDIVIDUALS UNDER PARAGRAPH (1) OF THIS SUBSECTION~~
19 ~~WHERE THE BOARD DETERMINES THAT ENROLLMENT CAPACITY IS ADVERSELY~~
20 ~~IMPACTED.~~

21 (g) "Plan" means the Maryland Health Insurance Plan.

22 (h) "Plan of operation" means the articles, bylaws, and operating rules and
23 procedures adopted by the Board in accordance with § 14-503 of this subtitle.

24 14-503.

25 (c) The Board consists of [seven] NINE members, of whom:

26 (1) one shall be the Commissioner;

27 (2) one shall be the Executive Director of the Maryland Health Care
28 Commission;

29 (3) one shall be the Executive Director of the Health Services Cost Review
30 Commission;

31 (4) one shall be the Secretary of the Department of Budget and
32 Management;

1 (5) [one] TWO shall be appointed by the Director of the Health,
 2 Education, and Advocacy Unit in the Office of the Attorney General in accordance with
 3 subsection (d) of this section;

4 (6) one shall be appointed by the Commissioner to represent carriers
 5 operating in the State; [and]

6 (7) one shall be appointed by the Commissioner to represent insurance
 7 producers selling insurance in the State; AND

8 (8) ONE SHALL BE AN INDIVIDUAL WHO IS AN OWNER OR EMPLOYEE OF
 9 A MINORITY-OWNED BUSINESS IN THE STATE, APPOINTED BY THE GOVERNOR.

10 (d) (1) (I) [The] EACH Board member appointed under subsection (c)(5) of
 11 this section shall be a consumer who does not have a substantial financial interest in
 12 a person regulated under this article or under Title 19, Subtitle 7 of the Health -
 13 General Article.

14 (II) ONE OF THE BOARD MEMBERS APPOINTED UNDER
 15 SUBSECTION (C)(5) OF THIS SECTION SHALL BE A MEMBER OF A RACIAL MINORITY.

16 (2) The term of [a consumer member and a] AN APPOINTED member
 17 [appointed by the Commissioner] is 4 years.

18 (3) At the end of a term, [a consumer member and a member appointed
 19 by the Commissioner continue] AN APPOINTED MEMBER CONTINUES to serve until a
 20 successor is appointed and qualifies.

21 (4) [A consumer member and a member appointed by the Commissioner
 22 who are] AN APPOINTED MEMBER WHO IS appointed after a term has begun [serve]
 23 SERVES only for the rest of the term and until a successor is appointed and qualifies.
 24 14-504.

25 (a) (1) There is a Maryland Health Insurance Plan Fund.

26 (2) The Fund is a special nonlapsing fund that is not subject to § 7-302 of
 27 the State Finance and Procurement Article.

28 (3) The Treasurer shall separately hold and the Comptroller shall
 29 account for the Fund.

30 (4) The Fund shall be invested and reinvested at the direction of the
 31 Board in a manner that is consistent with the requirements of Title 5, Subtitle 6 of
 32 this article.

33 (5) Any investment earnings shall be retained to the credit of the Fund.

34 (6) On an annual basis, the Fund shall be subject to an independent
 35 actuarial review setting forth an opinion relating to reserves and related actuarial
 36 items held in support of policies and contracts.

1 (7) The Fund shall be used only to provide funding for the purposes
2 authorized under this subtitle.

3 (b) The Fund shall consist of:

4 (1) premiums for coverage that the Plan issues;

5 (2) except as provided in § 14-513(a) of this subtitle, premiums paid by
6 enrollees of the Senior Prescription Drug Program;

7 (3) money collected in accordance with § 19-219 of the Health - General
8 Article;

9 (4) money deposited by a carrier in accordance with § 14-513 of this
10 subtitle;

11 (5) income from investments that the Board makes or authorizes on
12 behalf of the Fund;

13 (6) interest on deposits or investments of money from the Fund;

14 (7) premium tax revenue collected under § 14-107 of this title; [and]

15 (8) money collected by the Board as a result of legal or other actions
16 taken by the Board on behalf of the ~~{Fund}~~FUND;

17 (9) MONEY DONATED TO THE FUND; AND

18 (10) MONEY AWARDED TO THE FUND THROUGH GRANTS.

19 (c) (1) The Board may allow the Administrator to use premiums collected by
20 the Administrator from Plan enrollees to pay claims for Plan enrollees.

21 (2) The Administrator:

22 (i) shall deposit all premiums for Plan enrollees in a separate
23 account, titled in the name of the State of Maryland, for the Maryland Health
24 Insurance Plan; and

25 (ii) may use money in the account only to pay claims for Plan
26 enrollees.

27 (3) The Administrator shall keep complete and accurate records of all
28 transactions for the separate account.

29 (4) By the 15th of the following month, if monthly premiums collected by
30 the Administrator exceed monthly claims received, the Administrator shall deposit
31 the remaining balance, including interest, for that month in the Fund.

32 (d) (1) The Board shall take steps necessary to ensure that Plan enrollment
33 does not exceed the number of enrollees the Plan has the financial capacity to insure.

1 (2) THE BOARD MAY ADOPT REGULATIONS TO LIMIT THE ENROLLMENT
 2 OF OTHERWISE ELIGIBLE MEDICALLY UNINSURABLE INDIVIDUALS WHOSE
 3 PREMIUM IS PAID FOR BY A PHARMACEUTICAL MANUFACTURER OR ITS AFFILIATE IF
 4 THE BOARD DETERMINES THAT THEIR ENROLLMENT WOULD HAVE AN ADVERSE
 5 FINANCIAL IMPACT ON THE PLAN.

6 (e) (1) In addition to the operation and administration of the Plan, the Fund
 7 shall be used for the operation and administration of the Senior Prescription Drug
 8 Program established under Part II of this subtitle.

9 (2) The Board shall maintain separate accounts within the Fund for the
 10 Senior Prescription Drug Program and the Maryland Health Insurance Plan.

11 (3) Accounts within the Fund shall contain those moneys that are
 12 intended to support the operation of the Program for which the account is designated.

13 (f) A debt or obligation of the Plan is not a debt of the State or a pledge of
 14 credit of the State.

15 14-505.

16 (a) (1) The Board shall establish a standard benefit package to be offered by
 17 the Plan.

18 (2) The Board may exclude from the benefit package:

19 (i) a health care service, benefit, coverage, or reimbursement for
 20 covered health care services that is required under this article or the Health -
 21 General Article to be provided or offered in a health benefit plan that is issued or
 22 delivered in the State by a carrier; or

23 (ii) reimbursement required by statute, by a health benefit plan for
 24 a service when that service is performed by a health care provider who is licensed
 25 under the Health Occupations Article and whose scope of practice includes that
 26 service.

27 (b) (1) The Board shall establish a premium rate for Plan coverage subject to
 28 review and approval by the Commissioner.

29 (2) The premium rate may vary ~~only~~ on the basis of family composition.

30 (3) ~~THE PREMIUM RATE MAY BE ADJUSTED FOR GEOGRAPHY BASED ON~~
 31 ~~THE FOLLOWING CONTIGUOUS AREAS OF THE STATE:~~

32 (I) ~~THE BALTIMORE METROPOLITAN AREA;~~

33 (II) ~~THE DISTRICT OF COLUMBIA METROPOLITAN AREA;~~

34 (III) ~~WESTERN MARYLAND; AND~~

35 (IV) ~~EASTERN AND SOUTHERN MARYLAND.~~

1 ~~{(3)}~~ ~~(4)~~ If the Board determines that a standard risk rate would create
2 market dislocation, the Board may adjust the premium rate based on member age.

3 (c) (1) The Board shall determine a standard risk rate by considering the
4 premium rates charged by carriers in the State for coverage comparable to that of the
5 Plan.

6 (2) The premium rate for Plan coverage:

7 (i) may not be less than 110% of the standard risk rate established
8 under paragraph (1) of this subsection; and

9 (ii) may not exceed 200% of the standard risk rate.

10 (3) Premium rates shall be reasonably calculated to encourage
11 enrollment in the Plan.

12 (4) THE BOARD MAY SUBSIDIZE PREMIUMS, DEDUCTIBLES, AND OTHER
13 POLICY EXPENSES, BASED ON ~~THE~~ A MEMBER'S INCOME.

14 (d) Losses incurred by the Plan shall be subsidized by the Fund.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
16 effect ~~October~~ July 1, 2004.